I claim:

1. An electronic funds transfer system comprising:

a central controller CPU in electronic communication over the Internet with system users and participating banks, said CPU programmed for on-line electronic funds monitoring said central controller CPU acting as a conduit for handling of transaction between

5   system users, means at each participating bank, in communication with the central controller CPU, for buyers and sellers of goods or services to establish electronic funds linked to demand deposit accounts in said participating banks, electronic representations of currency purchased by said buyers from demand deposit accounts in said participating banks are deposited in said buyer's electronic funds account, where said electronic

10   representations of currency have an original monetary value tied to a selected actual currency, a transaction processor module associated with said central controller CPU for processing interactive letters of credit, establishing and releasing, encumbrances on electronic funds deposited in said electronics funds accounts as financial transactions are entered into and consummated, and acting on instructions to pay identified obligations to

15   other participants in said electronic funds transfer system a central controller storage module capable of storing information regarding all electronic on-line transactions between the buyers, sellers and the participating banks, and said central controller CPU being programmed to automatically balance electronic funds with their corresponding bank reserves through out the system on a selected periodic basis and, on a selected

20   periodic basis issue reports of the status of such transactions,wherein the buyer in each transaction has control over the specification of electronic funds to be encumbered, the funds once encumbered are restricted from access by the buyer with the exception of release to the seller, unless released back to buyer by seller.

2. The electronic funds transfer system of claim 1 further including a new account module in communication with the central controller, said new account module accessible by users over the Internet, for qualifying new users and recording initial electronic representations of currency reserves deposited in support of electronic funds

5   accounts at said participating bank.

3.   The electronic funds transfer system of claim 1 further including voice or video communications capability between users and the central controller CPU.

4.   The electronic funds transfer system of claim 3 further including electronic and person assisted dispute resolution and customer support services.

5.   The electronic funds transfer system of claim 1 further including encryption, de-encryption and re-encrypting capabilities for recording and storing transaction records in a secure data storage facility, data stored for each transaction being accessible only by the participants of the transaction and an authorized operator of the electronic funds transfer system.

6.   The electronic funds transfer system of claim 1 wherein the buyer and seller communicate over the Internet using the central controller CPU has an intermediary, the central controller CPU serving only to provide information services, a data link between users, record financial transactions, funds encumbrances and un-encumbrancing thereof
5   and to reconcile funds transfers on completion of a transaction to the satisfaction of the buyer and seller.

7.   The electronic funds transfer system of claim 1 wherein electronic funds encumbered by a first buyer for the benefit of a first seller can be re-encumbered by said first seller for the benefit of one or more second sellers or funds providers to which said
5   first seller owes a financial obligation, such that when the transaction between the first buyer and the first seller is completed and the encumbrance by the first buyer on first buyer funds is released, the released funds are automatically transferred, pursuant to instructions of first seller, to such one or more second sellers or funds providers, and prior sellers to said second sellers as so instructed by such participants electronically
10   within the system.

8.   A method for expediting business transactions over an electronic network between users of the network, said users encompassing buyers and sellers of goods or services and providers of funds, comprising:

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establishing an electronically transferable fund-equivalent readily exchangeable over the electronic network by users of the system,

each user of the electronic network establishing an electronic funds account

10   maintained the central controller CPU of the electronic network for receiving and dispersing the electronically transferable fund-equivalents owned by said user, the electronically transferable fund-equivalents in each users said electronic funds account being backed by hard currency reserves at the user's participating bank,

15   each user also establishing a unique address identifier through a central controlling CPU of the electronic network,

such that, when at least a first user and a second user of the electronic network enter into a business transaction which requires the exchange of funds,

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    a)   the first user having an obligation of making a payment to the second user under the terms of the business transaction irrevocably, except for release of said encumbrance by the first user to the benefit of said second user, and other defined

25   exceptions,   encumbers fund-equivalents in said first user's electronic funds account for the benefit of said second user,

    b)   when said second user completes its obligations under the terms of the business transaction, said first user releases the encumbrance on the fund-equivalents in said first user's electronic funds account

30   causing said fund-equivalents in said first user's electronic funds account to automatically transfer to the electronic funds account of said second user,

an electronic record of all transactions regarding said fund-equivalents in said first user's and said second user's electronic funds account for said business transaction being recorded and stored in individual data memory units electronically connected to a CPU of said first user, a CPU of said second user and the CPU of the central controlling of the electronic network, the data memory unit electronically connected to the central controller functioning as a master data storage unit for all financial transactions of all users in said electronic network.

9.   The method of claim 8 wherein one other defined exception includes an agreement, electronically transmitted, by said first user and said second user, acting jointly, to modify the terms of said encumbrance.

10.   The method of claim 8 wherein one other defined exception includes an intervention , electronically transmitted, by an authorized agent of the network to settle a dispute between the first user and the second user regarding the proper completion of the business transaction.

11.   The method of claim 8 wherein the central controlling CPU also provides to the users of the network access to an electronic directory of all users of the network, and access to each of said users through the electronic directory.

12.   The method of claim 8 wherein the central controlling CPU also provides, on a periodic basis to each participating bank, reports of network activities of electronic accounts held by said participating bank.

13.   The method of claim 8 wherein the central controlling CPU conducts at least a daily reconciliation of all transactions within the network and reports electronically to each participating bank involved in said days transactions the status of all electronic accounts within said participating bank.

14.   The method of claim 8 wherein the central controlling CPU additionally provides to users, at the electronic direction of said user, the ability to transfer, at any time, electronically transferable fund-equivalents in an electronic account of that user to any other user of the network or to encumber such electronically transferable fund-equivalents for the benefit of any user of the network , irrespective of the existence of a business transaction.